

103D CONGRESS  
1ST SESSION

# H. R. 3123

To increase the interest rates electric and telephone borrowers pay under the lending programs administered by the Rural Electrification Administration and otherwise restructure the lending programs carried out by that Administration.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 22, 1993

Mr. DE LA GARZA (for himself, Mr. ROBERTS, Mr. ENGLISH of Oklahoma, Mr. COMBEST, and Mr. BOEHNER) introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To increase the interest rates electric and telephone borrowers pay under the lending programs administered by the Rural Electrification Administration and otherwise restructure the lending programs carried out by that Administration.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Rural Electrification  
5       Loan Restructuring Act of 1993”.

6       **SEC. 2. ELECTRIC AND TELEPHONE LOAN PROGRAMS.**

7       (a) INSURED ELECTRIC AND TELEPHONE LOANS.—

1           (1) IN GENERAL.—Section 305 of the Rural  
2     Electrification Act of 1936 (7 U.S.C. 935) is amend-  
3     ed—

4                     (A) by striking subsections (b) and (d);

5                     (B) by redesignating subsection (c) as sub-  
6     section (b); and

7                     (C) by inserting after subsection (b) (as so  
8     redesignated) the following new subsections:

9     “(c) INSURED ELECTRIC LOANS.—

10           “(1) HARDSHIP LOANS.—

11                     “(A) IN GENERAL.—The Administrator  
12     shall make insured electric loans, to the extent  
13     of qualifying applications for the loans, at an  
14     interest rate of 5 percent per year to any appli-  
15     cant for a loan who meets each of the following  
16     requirements:

17                             “(i) The average revenue per kilowatt-  
18     hour sold by the applicant is not less than  
19     120 percent of the average revenue per kil-  
20     owatt-hour sold by all utilities in the State  
21     in which the applicant provides service.

22                             “(ii) The average residential revenue  
23     per kilowatt-hour sold by the applicant is  
24     not less than 120 percent of the average  
25     residential revenue per kilowatt-hour sold

1 by all utilities in the State in which the ap-  
2 plicant provides service.

3 “(iii) The average per capita income  
4 of the residents receiving electric service  
5 from the applicant is less than the average  
6 per capita income of the residents of the  
7 State in which the applicant provides serv-  
8 ice, or the median household income of the  
9 households receiving electric service from  
10 the applicant is less than the median  
11 household income of the households in the  
12 State.

13 “(B) SEVERE HARDSHIP LOANS.—In addi-  
14 tion to hardship loans that are made under sub-  
15 paragraph (A), the Administrator may make an  
16 insured electric loan at an interest rate of 5  
17 percent per year to an applicant for a loan if,  
18 in the sole discretion of the Administrator, the  
19 applicant has experienced a severe hardship.

20 “(C) LIMITATION.—The Administrator  
21 may not make a loan under this paragraph to  
22 an applicant for the purpose of furnishing or  
23 improving electric service to a consumer located  
24 in an urban area (as defined by the Bureau of  
25 the Census) if the average number of consum-

ers per mile of line of the total electric system of the applicant exceeds 17.

“(2) MUNICIPAL RATE LOANS.—

“(A) IN GENERAL.—The Administrator shall make insured electric loans, to the extent of qualifying applications for the loans, at the interest rate described in subparagraph (B) for the term or terms selected by the applicant pursuant to subparagraph (C).

“(B) INTEREST RATE.—

“(i) IN GENERAL.—Subject to clause (ii), the interest rate described in this subparagraph on a loan to a qualifying applicant shall be—

“(I) the interest rate determined by the Administrator to be equal to the current market yield on outstanding municipal obligations with remaining periods to maturity similar to the term selected by the applicant pursuant to subparagraph (C), but not greater than the rate determined under section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A))

1 that is based on the current market  
2 yield on outstanding municipal obliga-  
3 tions; plus

4 “(II) if the applicant for the loan  
5 makes an election pursuant to sub-  
6 paragraph (D) to include in the loan  
7 agreement the right of the applicant  
8 to prepay the loan, a rate equal to the  
9 amount by which—

10 “(aa) the interest rate on  
11 commercial loans for a similar  
12 period that afford the borrower  
13 such a right; exceeds

14 “(bb) the interest rate on  
15 commercial loans for the period  
16 that do not afford the borrower  
17 such a right.

18 “(ii) MAXIMUM RATE.—The interest  
19 rate described in this subparagraph on a  
20 loan to an applicant for the loan shall not  
21 exceed 7 percent if—

22 “(I) the average number of con-  
23 sumers per mile of line of the total  
24 electric system of the applicant is less  
25 than 5.50; or

1           “(II)(aa) the average revenue per  
2           kilowatt-hour sold by the applicant is  
3           more than the average revenue per  
4           kilowatt-hour sold by all utilities in  
5           the State in which the applicant pro-  
6           vides service; and

7           “(bb) the average per capita in-  
8           come of the residents receiving electric  
9           service from the applicant is less than  
10          the average per capita income of the  
11          residents of the State in which the ap-  
12          plicant provides service, or the median  
13          household income of the households  
14          receiving electric service from the ap-  
15          plicant is less than the median house-  
16          hold income of the households in the  
17          State.

18          “(iii) EXCEPTION.—Clause (ii) shall  
19          not apply to a loan to be made to an appli-  
20          cant for the purpose of furnishing or im-  
21          proving electric service to consumers lo-  
22          cated in an urban area (as defined by the  
23          Bureau of the Census) if the average num-  
24          ber of consumers per mile of line of the

1 total electric system of the applicant ex-  
2 ceeds 17.

3 “(C) LOAN TERM.—

4 “(i) IN GENERAL.—Subject to clause  
5 (ii), the applicant for a loan under this  
6 paragraph may select the term for which  
7 an interest rate shall be determined pursu-  
8 ant to subparagraph (B), and, at the end  
9 of the term (and any succeeding term se-  
10 lected by the applicant under this subpara-  
11 graph), may renew the loan for another  
12 term selected by the applicant.

13 “(ii) MAXIMUM TERM.—

14 “(I) APPLICANT.—The applicant  
15 may not select a term that ends more  
16 than 35 years after the beginning of  
17 the first term the applicant selects  
18 under clause (i).

19 “(II) ADMINISTRATOR.—The Ad-  
20 ministrator may prohibit an applicant  
21 from selecting a term that would re-  
22 sult in the total term of the loan being  
23 greater than the expected useful life  
24 of the assets being financed.

1           “(D) CALL PROVISION.—The Adminis-  
2           trator shall offer any applicant for a loan under  
3           this paragraph the option to include in the loan  
4           agreement the right of the applicant to prepay  
5           the loan on terms consistent with similar provi-  
6           sions of commercial loans.

7           “(3) OTHER SOURCE OF CREDIT NOT RE-  
8           QUIRED IN CERTAIN CASES.—The Administrator  
9           may not require any applicant for a loan made  
10          under this subsection who is eligible for a loan under  
11          paragraph (1) to obtain a loan from another source  
12          as a condition of approving the application for the  
13          loan or advancing any amount under the loan.

14          “(d) INSURED TELEPHONE LOANS.—

15               “(1) HARDSHIP LOANS.—

16                   “(A) IN GENERAL.—The Administrator  
17                   shall make insured telephone loans, to the ex-  
18                   tent of qualifying applications for the loans, at  
19                   an interest rate of 5 percent per year, to any  
20                   applicant who meets each of the following re-  
21                   quirements:

22                           “(i) The average number of subscrib-  
23                           ers per mile of line in the service area of  
24                           the applicant is not more than 4.



1           “(ii) The applicant is capable of pro-  
2           ducing net income or margins before inter-  
3           est of not less than 100 percent (but not  
4           more than 300 percent) of the interest re-  
5           quirements on all of the outstanding and  
6           proposed loans of the applicant.

7           “(iii) The Administrator has approved  
8           a telecommunications modernization plan  
9           for the State under paragraph (3) and, if  
10          the plan was developed by telephone bor-  
11          rowers under this title, the applicant is a  
12          participant in the plan.

13          “(iv) The average number of subscrib-  
14          ers per mile of line in the area included in  
15          the proposed loan is not more than 17.

16          “(B) AUTHORITY TO WAIVE TIER RE-  
17          QUIREMENT.—The Administrator may waive  
18          the requirement of subparagraph (A)(ii) in any  
19          case in which the Administrator determines  
20          (and sets forth the reasons for the waiver in  
21          writing) that the requirement would prevent  
22          emergency restoration of the telephone system  
23          of the applicant or result in severe hardship to  
24          the applicant.

1           “(C) EFFECT OF LACK OF FUNDS.—On re-  
2           quest of any applicant who is eligible for a loan  
3           under this paragraph for which funds are not  
4           available, the applicant shall be considered to  
5           have applied for a loan under title IV.

6           “(2) COST-OF-MONEY LOANS.—

7           “(A) IN GENERAL.—The Administrator  
8           may make insured telephone loans for the ac-  
9           quisition, purchase, and installation of tele-  
10          phone lines, systems, and facilities (other than  
11          buildings used primarily for administrative pur-  
12          poses, vehicles not used primarily in construc-  
13          tion, and customer premise equipment) related  
14          to the furnishing, improvement, or extension of  
15          rural telecommunications service, at an interest  
16          rate equal to the then current cost of money to  
17          the Government of the United States for loans  
18          of similar maturity, but not more than 7 per-  
19          cent per year, to any applicant for a loan who  
20          meets the following requirements:

21               “(i) The average number of subscrib-  
22               ers per mile of line in the service area of  
23               the applicant is not more than 15.

24               “(ii) The applicant is capable of pro-  
25               ducing net income or margins before inter-

1 est of not less than 100 percent (but not  
2 more than 500 percent) of the interest re-  
3 quirements on all of the outstanding and  
4 proposed loans of the applicant.

5 “(iii) The Administrator has approved  
6 a telecommunications modernization plan  
7 for the State under paragraph (3) and, if  
8 the plan was developed by telephone bor-  
9 rowers under this title, the applicant is a  
10 participant in the plan.

11 “(B) CONCURRENT LOAN AUTHORITY.—

12 On request of any applicant for a loan under  
13 this paragraph during any fiscal year, the Ad-  
14 ministrator shall—

15 “(i) consider the application to be for  
16 a loan under this paragraph and a loan  
17 under section 408; and

18 “(ii) if the applicant is eligible for a  
19 loan, make a loan to the applicant under  
20 this paragraph in an amount equal to the  
21 amount that bears the same ratio to the  
22 total amount of loans for which the appli-  
23 cant is eligible under this paragraph and  
24 under section 408, as the amount made  
25 available for loans under this paragraph

1           for the fiscal year bears to the total  
2           amount made available for loans under this  
3           paragraph and under section 408 for the  
4           fiscal year.

5           “(C) EFFECT OF LACK OF FUNDS.—On re-  
6           quest of any applicant who is eligible for a loan  
7           under this paragraph for which funds are not  
8           available, the applicant shall be considered to  
9           have applied for a loan guarantee under section  
10          306.

11          “(3) STATE TELECOMMUNICATIONS MOD-  
12          ERNIZATION PLANS.—

13           “(A) APPROVAL.—If, not later than 1 year  
14           after final regulations are promulgated to carry  
15           out this paragraph, the public utility commis-  
16           sion of any State develops a telecommunications  
17           modernization plan that meets the requirements  
18           of subparagraph (B), the Administrator shall  
19           approve the plan for the State. If a State does  
20           not develop a plan in accordance with the re-  
21           quirements of the preceding sentence, the Ad-  
22           ministrator shall approve any telecommuni-  
23           cations modernization plan for the State that  
24           meets the requirements that is developed by a  
25           majority of the borrowers of telephone loans

1 made under this title who are located in the  
2 State.

3 “(B) REQUIREMENTS.—For purposes of  
4 subparagraph (A), a telecommunications mod-  
5 ernization plan must, at a minimum, meet the  
6 following objectives:

7 “(i) The plan must provide for the  
8 elimination of party line service.

9 “(ii) The plan must provide for the  
10 availability of telecommunications services  
11 for improved business, educational, and  
12 medical services.

13 “(iii) The plan must encourage and  
14 improve computer networks and informa-  
15 tion highways for subscribers in rural  
16 areas.

17 “(iv) The plan must provide for—

18 “(I) subscribers in rural areas to  
19 be able to receive through telephone  
20 lines—

21 “(aa) multiple voices;

22 “(bb) video images; and

23 “(cc) data at a rate of at  
24 least 1,000,000 bits of informa-  
25 tion per second; and

1                   “(II) the proper routing of infor-  
2                   mation to subscribers.

3                   “(v) The plan must provide for uni-  
4                   form deployment schedules to ensure that  
5                   advanced services are deployed at the same  
6                   time in rural and nonrural areas.

7                   “(vi) The plan must provide for such  
8                   additional requirements for service stand-  
9                   ards as may be required by the Adminis-  
10                  trator.

11                  “(C) FINALITY OF APPROVAL.—A tele-  
12                  communications modernization plan approved  
13                  under subparagraph (A) may not subsequently  
14                  be disapproved. Notwithstanding paragraphs  
15                  (1)(A)(iii) and (2)(A)(iii), and section  
16                  408(b)(4)(C), the Administrator and the Gov-  
17                  ernor of the telephone bank may make a loan  
18                  to a borrower serving a State that does not  
19                  have a telecommunication modernization plan  
20                  approved by the Administrator if the loan is  
21                  made less than 1 year after the Administrator  
22                  has adopted final regulations implementing this  
23                  paragraph.”.

1           (2) RURAL TELEPHONE BANK LOAN PRO-  
2       GRAM.—Section 408 of such Act (7 U.S.C. 948) is  
3       amended—

4           (A) in subsection (a), by striking “, (2)”  
5       and all that follows through “408 of this Act,”  
6       and inserting “, (2) for the acquisition, pur-  
7       chase, and installation of telephone lines, sys-  
8       tems, and facilities (other than buildings used  
9       primarily for administrative purposes, vehicles  
10      not used primarily in construction, and cus-  
11      tomer premise equipment) related to the fur-  
12      nishing, improvement, or extension of rural tele-  
13      communications service,”;

14          (B) in subsection (b)—

15           (i) by striking paragraph (4) and in-  
16      serting the following new paragraph:

17          “(4) The Governor of the telephone bank may  
18      make a loan under this section only to an applicant  
19      for the loan who meets the following requirements:

20           “(A) The average number of subscribers  
21      per mile of line in the service area of the appli-  
22      cant is not more than 15.

23           “(B) The applicant is capable of producing  
24      net income or margins before interest of not  
25      less than 100 percent (but not more than 500

1           percent) of the interest requirements on all of  
2           the outstanding and proposed loans of the ap-  
3           plicant.

4           “(C) The Administrator has approved,  
5           under section 305(d)(3), a telecommunications  
6           modernization plan for the State in which the  
7           applicant is located and, if the plan was devel-  
8           oped by telephone borrowers under title III, the  
9           applicant is a participant in the plan.”;

10                   (ii) in paragraph (8)—

11                           (I) by inserting “(A)” after  
12                           “(8)”;

13                           (II) by striking “if such prepay-  
14                           ment is not made later than Septem-  
15                           ber 30, 1988” and inserting “except  
16                           for any prepayment penalty provided  
17                           for in a loan agreement entered into  
18                           before the date of enactment of the  
19                           Omnibus Budget Reconciliation Act of  
20                           1993”; and

21                           (III) by adding at the end the  
22                           following new subparagraph:

23                   “(B) If a borrower prepays part or all of a loan  
24           made under this section, then, notwithstanding sec-



1       tion 407(b), the Governor of the telephone bank  
2       shall—

3               “(i) use the full amount of the prepayment  
4       to repay obligations of the telephone bank is-  
5       sued pursuant to section 407(b) before October  
6       1, 1991, to the extent any such obligations are  
7       outstanding; and

8               “(ii) in repaying the obligations, first repay  
9       the advances bearing the greatest rate of inter-  
10      est.”; and

11              (iii) by adding at the end the follow-  
12      ing new paragraphs:

13              “(9) On request of any applicant for a loan  
14      under this section during any fiscal year, the Gov-  
15      ernor of the telephone bank shall—

16              “(A) consider the application to be for a  
17      loan under this section and a loan under section  
18      305(d)(2); and

19              “(B) if the applicant is eligible for a loan,  
20      make a loan to the applicant under this section  
21      in an amount equal to the amount that bears  
22      the same ratio to the total amount of loans for  
23      which the applicant is eligible under this section  
24      and under section 305(d)(2), as the amount  
25      made available for loans under this section for

1 the fiscal year bears to the total amount made  
2 available for loans under this section and under  
3 section 305(d)(2) for the fiscal year.

4 “(10) On request of any applicant who is eligi-  
5 ble for a loan under this section for which funds are  
6 not available, the applicant shall be considered to  
7 have applied for a loan under section 305(d)(2).”;  
8 and

9 (C) by adding at the end the following new  
10 subsection:

11 “(e) Loans and advances made under this section on  
12 or after November 5, 1990, shall bear interest at a rate  
13 determined under this section, taking into account all as-  
14 sets and liabilities of the telephone bank. This subsection  
15 shall not apply to loans obligated before the date of enact-  
16 ment of this subsection. Funds are not authorized to be  
17 appropriated to carry out this subsection until the funds  
18 are appropriated in advance to carry out this subsection.”.

19 (b) FUNDING.—

20 (1) LIMITATIONS ON AUTHORIZATION OF AP-  
21 PROPRIATIONS.—Section 314 of such Act (7 U.S.C.  
22 940d) is amended to read as follows:

1 **“SEC. 314. LIMITATIONS ON AUTHORIZATION OF APPRO-**  
2 **PRIATIONS.**

3 “(a) DEFINITION OF ADJUSTMENT PERCENTAGE.—  
4 As used in this section, the term ‘adjustment percentage’  
5 means, with respect to a fiscal year, the percentage (if  
6 any) by which—

7 “(1) the average of the Consumer Price Index  
8 (as defined in section 1(f)(5) of the Internal Reve-  
9 nue Code of 1986) for the 1-year period ending on  
10 July 31 of the immediately preceding fiscal year;  
11 exceeds

12 “(2) the average of the Consumer Price Index  
13 (as so defined) for the 1-year period ending on July  
14 31, 1993.

15 “(b) FISCAL YEARS 1994 THROUGH 1998.—In the  
16 case of each of fiscal years 1994 through 1998, there are  
17 authorized to be appropriated to the Administrator such  
18 sums as may be necessary for the cost of loans in the  
19 following amounts, for the following purposes:

20 “(1) ELECTRIC HARDSHIP LOANS.—For loans  
21 under section 305(c)(1)—

22 “(A) for fiscal year 1994, \$125,000,000;  
23 and

24 “(B) for each of fiscal years 1995 through  
25 1998, \$125,000,000, increased by the adjust-  
26 ment percentage for the fiscal year.

1           “(2) ELECTRIC MUNICIPAL RATE LOANS.—For  
2       loans under section 305(c)(2)—

3           “(A) for fiscal year 1994, \$600,000,000;  
4       and

5           “(B) for each of fiscal years 1995 through  
6       1998, \$600,000,000, increased by the adjust-  
7       ment percentage for the fiscal year.

8           “(3) TELEPHONE HARDSHIP LOANS.—For  
9       loans under section 305(d)(1)—

10          “(A) for fiscal year 1994, \$125,000,000;  
11       and

12          “(B) for each of fiscal years 1995 through  
13       1998, \$125,000,000, increased by the adjust-  
14       ment percentage for the fiscal year.

15          “(4) TELEPHONE COST-OF-MONEY LOANS.—  
16       For loans under section 305(d)(2)—

17          “(A) for fiscal year 1994, \$198,000,000;  
18       and

19          “(B) for each of fiscal years 1995 through  
20       1998, \$198,000,000, increased by the adjust-  
21       ment percentage for the fiscal year.

22       “(c) FUNDING LEVELS.—The Administrator shall  
23       make insured loans under this title for the purposes, in  
24       the amounts, and for the periods of time specified in sub-  
25       section (b), as provided in advance in appropriations Acts.

1       “(d) AVAILABILITY OF FUNDS FOR INSURED  
2 LOANS.—Amounts made available for loans under section  
3 305 are authorized to remain available until expended.”.

4           (2) RULE OF INTERPRETATION.—Section  
5 309(a) of such Act (7 U.S.C. 939(a)) is amended by  
6 adding at the end the following new sentence: “The  
7 preceding sentence shall not be construed to make  
8 section 408(b)(2) or 412 applicable to this title.”.

9       (c) MISCELLANEOUS AMENDMENTS.—

10           (1) LOANS FOR RURAL ELECTRIFICATION.—  
11 Section 2 of such Act (7 U.S.C. 902) is amended—

12           (A) by inserting “(a)” before “The Admin-  
13 istrator”;

14           (B) by striking “telephone service in rural  
15 areas, as hereinafter provided;” and inserting  
16 “electric and telephone service in rural areas, as  
17 provided in this Act, and for the purpose of as-  
18 sisting electric borrowers to implement demand  
19 side management, energy conservation pro-  
20 grams, and on-grid and off-grid renewable en-  
21 ergy systems;”; and

22           (C) by adding at the end the following new  
23 subsection:

24       “(b) By January 1, 1994, the Administrator shall  
25 issue interim regulations to implement the authority con-

1 tained in subsection (a) to make loans for the purpose of  
2 assisting electric borrowers to implement demand side  
3 management, energy conservation programs, and on-grid  
4 and off-grid renewable energy systems. If the regulations  
5 are not issued by January 1, 1994, the Administrator  
6 shall consider any demand side management, energy con-  
7 servation, or renewable energy program, system, or activ-  
8 ity that is approved by a State agency to be eligible for  
9 the loans.”.

10 (2) LOANS FOR ELECTRICAL PLANTS AND  
11 TRANSMISSION LINES.—Section 4 of such Act (7  
12 U.S.C. 904) is amended by inserting after “central  
13 station service” the following: “and for the furnish-  
14 ing and improving of electric service to persons in  
15 rural areas, including by assisting electric borrowers  
16 to implement demand side management, energy con-  
17 servation programs, and on-grid and off-grid renew-  
18 able energy systems”.

19 (3) DEFINITIONS.—Section 13 of such Act (7  
20 U.S.C. 913) is amended—

21 (A) by inserting “, except as provided in  
22 section 203(b),” before “shall be deemed to  
23 mean any area”; and

24 (B) by striking “city, village, or borough  
25 having a population in excess of fifteen hundred

1           inhabitants” and inserting “urban area, as de-  
2           fined by the Bureau of the Census”.

3           (4) GENERAL PROHIBITIONS.—Section 18 of  
4           such Act (7 U.S.C. 918) is amended—

5                   (A) by inserting “(a) NO CONSIDERATION  
6           OF BORROWER’S LEVEL OF GENERAL  
7           FUNDS.—” before “The Administrator”; and

8                   (B) by adding at the end the following new  
9           subsections:

10          “(b) LOAN ORIGINATION FEES.—The Administrator  
11       and the Governor of the telephone bank may not charge  
12       any fee or charge not expressly provided in this Act in  
13       connection with any loan made or guaranteed under this  
14       Act.

15          “(c) CONSULTANTS.—

16               “(1) IN GENERAL.—To facilitate timely action  
17       on applications by borrowers for financial assistance  
18       under this Act and for approvals required of the  
19       Rural Electrification Administration pursuant to the  
20       terms of outstanding loan or security instruments or  
21       otherwise, the Administrator may use consultants  
22       funded by the borrower, paid for out of the general  
23       funds of the borrower, for financial, legal, engineer-  
24       ing, and other technical advice and services in con-

1 nection with the review of the application by the  
2 Rural Electrification Administration.

3 “(2) CONFLICTS OF INTEREST.—The Adminis-  
4 trator shall establish procedures for the selection  
5 and the provision of technical services by consultants  
6 to ensure that the consultants have no financial or  
7 other potential conflicts of interest in the outcome of  
8 the application of the borrower.

9 “(3) PAYMENT OF COSTS.—The Administrator  
10 may not, without the consent of the borrower, re-  
11 quire, as a condition of processing an application for  
12 approval, that the borrower agree to pay the costs,  
13 fees, and expenses of consultants hired to provide  
14 technical or advisory services to the Administrator.

15 “(4) CONTRACTS, GRANTS, AND AGREE-  
16 MENTS.—The Administrator may enter into such  
17 contracts, grants, or cooperative agreements as are  
18 necessary to carry out this section.

19 “(5) USE OF CONSULTANTS.—Nothing in this  
20 subsection shall limit the authority of the Adminis-  
21 trator to retain the services of consultants from  
22 funds made available to the Administrator or other-  
23 wise.”.

24 (5) DEFINITION OF RURAL AREA.—Section  
25 203(b) of such Act (7 U.S.C. 924(b)) is amended by



1 striking “one thousand five hundred” and inserting  
2 “5,000”.

3 (6) INSURED LOANS.—Section 305 of such Act  
4 (7 U.S.C. 935) (as amended by subsection (a)(1)) is  
5 further amended—

6 (A) by striking “SEC. 305. INSURED  
7 LOANS; INTEREST RATES AND LENDING LEV-  
8 ELS.—(a) The” and inserting the following:

9 **“SEC. 305. INSURED LOANS; INTEREST RATES AND LEND-  
10 ING LEVELS.**

11 **“(a) IN GENERAL.—The”;** and

12 (B) in subsection (b), by striking “(b)  
13 Loans” and inserting “(b) INSURED LOANS.—  
14 Loans”.

15 (7) ELIGIBILITY OF DISTRIBUTION BORROW-  
16 ERS; ADMINISTRATIVE PROHIBITIONS.—Title III of  
17 such Act is amended by inserting after section 306B  
18 (7 U.S.C. 936b) the following new sections:

19 **“SEC. 306D. ELIGIBILITY OF DISTRIBUTION BORROWERS  
20 FOR LOANS, LOAN GUARANTEES, AND LIEN  
21 ACCOMMODATIONS.**

22 “For the purpose of determining the eligibility of a  
23 distribution borrower not in default on the repayment of  
24 a loan made or guaranteed under this Act for a loan, loan  
25 guarantee, or lien accommodation under this title, a de-

1 fault by a borrower from which the distribution borrower  
2 purchases wholesale power shall not—

3 “(1) be considered a default by the distribution  
4 borrower;

5 “(2) reduce the eligibility of the distribution  
6 borrower for assistance under this Act; or

7 “(3) be the cause, directly or indirectly, of im-  
8 posing any requirement or restriction on the bor-  
9 rower as a condition of the assistance, except such  
10 requirements or restrictions as are necessary to im-  
11 plement a debt restructuring agreed on by the power  
12 supply borrower and the Government.

13 **“SEC. 306E. ADMINISTRATIVE PROHIBITIONS APPLICABLE**  
14 **TO ELECTRIC BORROWERS.**

15 “The Administrator may not require prior approval  
16 of, impose any requirement, restriction, or prohibition with  
17 respect to the operations of, or deny or delay the granting  
18 of a lien accommodation to, any electric borrower under  
19 this Act whose net worth exceeds 110 percent of the out-  
20 standing principal balance on all loans made or guaran-  
21 teed to the borrower by the Administrator.”.

22 (8) LOANS FROM OTHER CREDIT SOURCES.—

23 Section 307 of such Act (7 U.S.C. 937) is amended  
24 by adding at the end the following new sentence:

25 “The Administrator may not request any applicant

1       for an electric loan under this Act to apply for and  
2       accept a loan in an amount exceeding 30 percent of  
3       the credit needs of the applicant.”.

4           (9) CAPITALIZATION.—Section 406 of such Act  
5       (7 U.S.C. 946) is amended by adding at the end the  
6       following new subsection:

7       “(i) The Governor of the telephone bank may invest  
8       in obligations of the United States the amounts in the ac-  
9       count in the Treasury of the United States numbered  
10      12X8139 (known as the ‘RTB Equity Fund’).”.

11       (d) EXPANDED ELIGIBILITY FOR LOANS FOR WATER  
12      AND WASTE DISPOSAL FACILITIES.—Section 306(a)(1) of  
13      the Consolidated Farm and Rural Development Act (7  
14      U.S.C. 1926(a)(1)) is amended by inserting after the first  
15      sentence the following new sentence: “The Secretary may  
16      also make loans to any borrower to whom a loan has been  
17      made under the Rural Electrification Act of 1936 (7  
18      U.S.C. 901 et seq.), for the conservation, development,  
19      use, and control of water, and the installation of drainage  
20      or waste disposal facilities, primarily serving farmers,  
21      ranchers, farm tenants, farm laborers, rural businesses,  
22      and other rural residents.”.

23       (e) RURAL ECONOMIC DEVELOPMENT.—Section 364  
24      of such Act (7 U.S.C. 2006f) is amended by adding at  
25      the end the following new subsection:

1 “(g) RURAL ECONOMIC DEVELOPMENT.—

2 “(1) IN GENERAL.—A borrower of a loan or  
3 loan guarantee under the Rural Electrification Act  
4 of 1936 (7 U.S.C. 901 et seq.) shall be eligible for  
5 assistance under all programs administered by the  
6 Rural Development Administration.

7 “(2) PARTICIPATION.—The Administrator of  
8 the Rural Development Administration shall encour-  
9 age and facilitate the full participation of borrowers  
10 referred to in paragraph (1) in programs adminis-  
11 tered by the Rural Development Administration.”.

12 (f) REGULATIONS.—Except as provided in section  
13 2(b) of the Rural Electrification Act of 1936, as added  
14 by section 2(c)(1)(C) of this Act, not later than 45 days  
15 after the date of enactment of this Act, interim final rules  
16 shall be issued by—

17 (1) the Administrator of the Rural Electrifica-  
18 tion Administration to carry out amendments made  
19 by this Act to programs administered by the Admin-  
20 istrator;

21 (2) the Administrator of the Rural Development  
22 Administration to carry out amendments made by  
23 this Act to programs administered by the Adminis-  
24 trator; and

1           (3) the Secretary of Agriculture to carry out  
2       amendments made by this Act to programs adminis-  
3       tered by the Farmers Home Administration.

○

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